



---

ECONOMICS

RICHARDS COLLEGE OF BUSINESS



# The Economic Outlook

*Center for Business and  
Economic Research*

October 2024

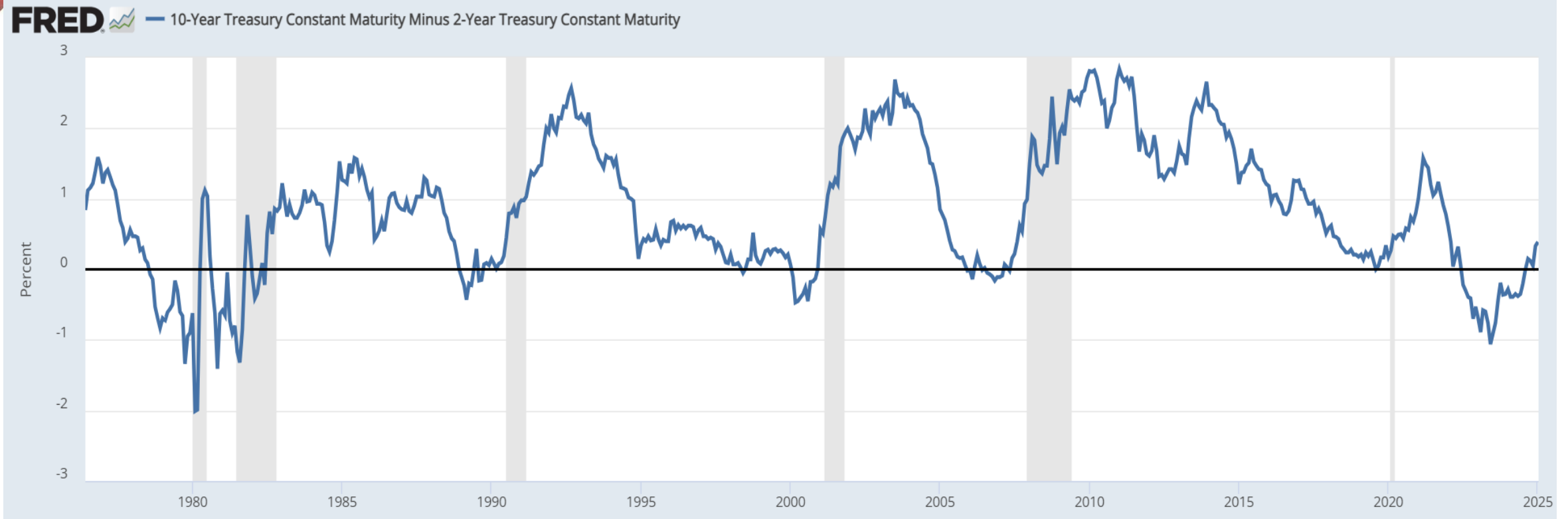


- Aside from Helene's effects, GA and West GA remain generally very healthy by historical standards.
- The labor market, job base & consumer spending have been much more resilient than expected...despite FED policy.
- The suburban housing market remains a seller's market, with relatively high demand, low inventories, and relatively stable price growth, **but it's starting to shift.**
- Inflation has eased significantly, but will it hold?
- Remote work...is it permanent? Impact on Atl office space.
- The economic outlook for 2025 has improved a bit. This is the 3<sup>rd</sup> year of "next year's a recession, fur-shur this time!"

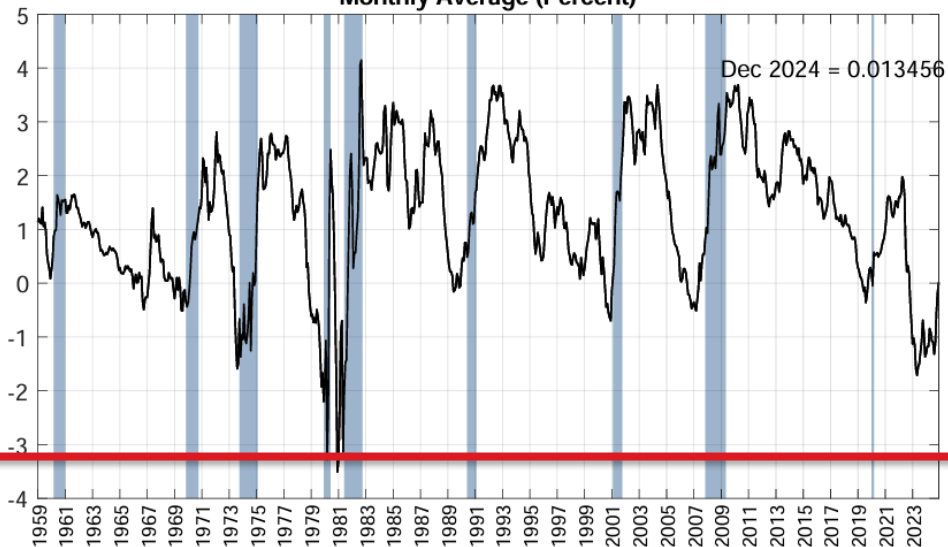




# 10-Year, 2-Year Spread



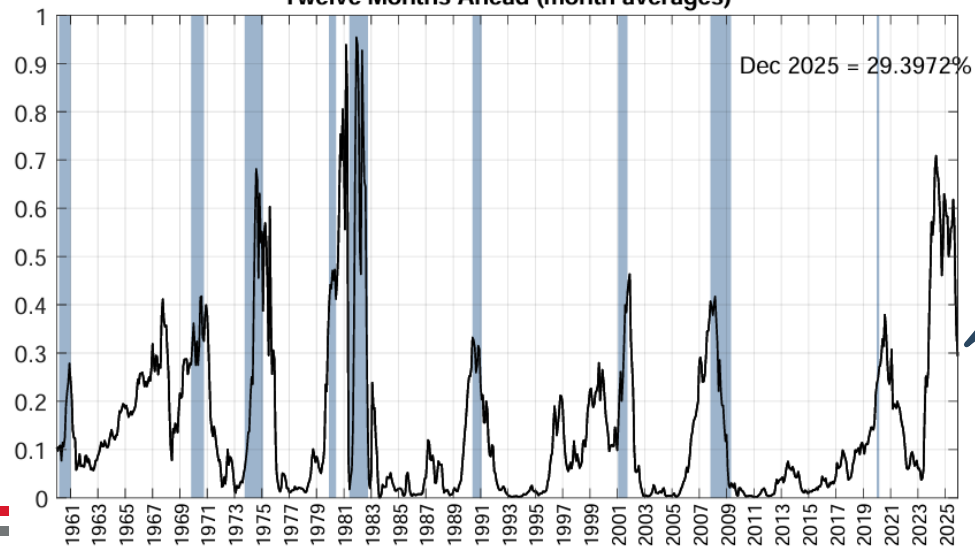
Treasury Spread: 10 yr bond rate-3 month bill rate  
Monthly Average (Percent)



# 10-Year 3-Month Spread

According to the FED's model, there's about a 30% chance of a recession by next by December 2025, Fallen by 20 points since October 2024...

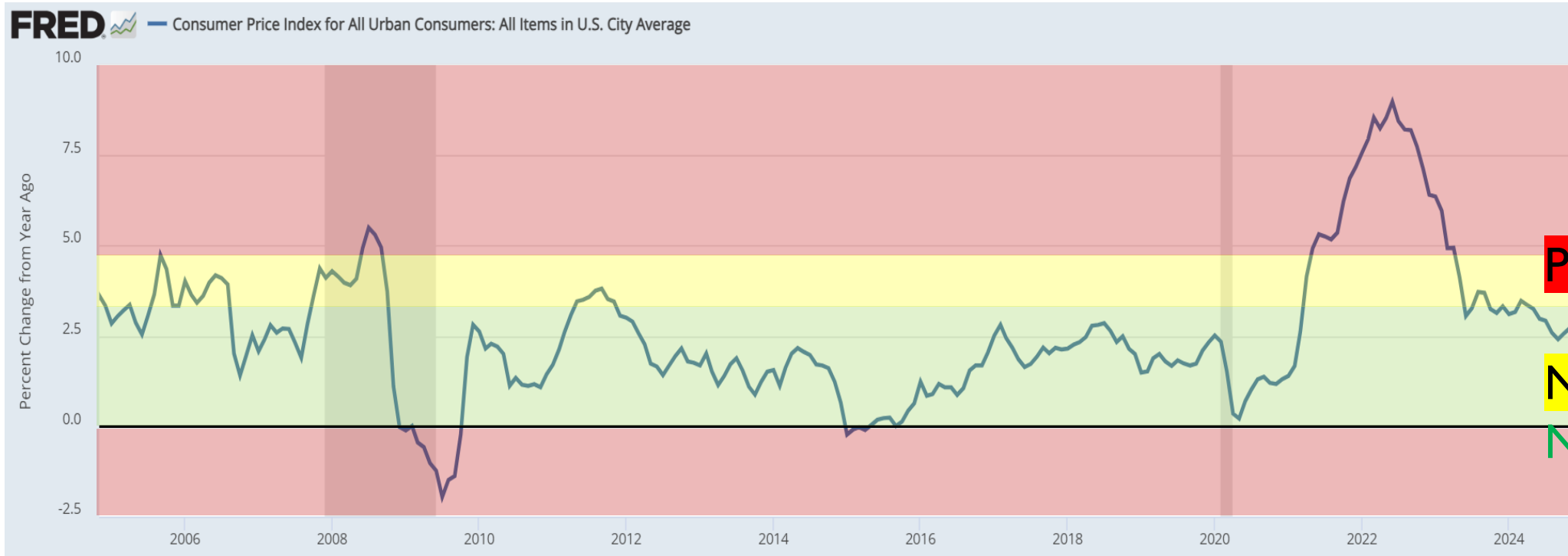
Probability of US Recession Predicted by Treasury Spread\*  
Twelve Months Ahead (month averages)



\*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Dec 2024. The parameter estimates are  $\alpha = -0.5333$ ,  $\beta = -0.6330$ .

# Overall Inflation Rate

## The Fever Broke in June 2023, Where Are We Now? 2.7%, up a bit...



Peaked near 9%

Nov 2023 was 3.1%

Nov 2024 was 2.7%

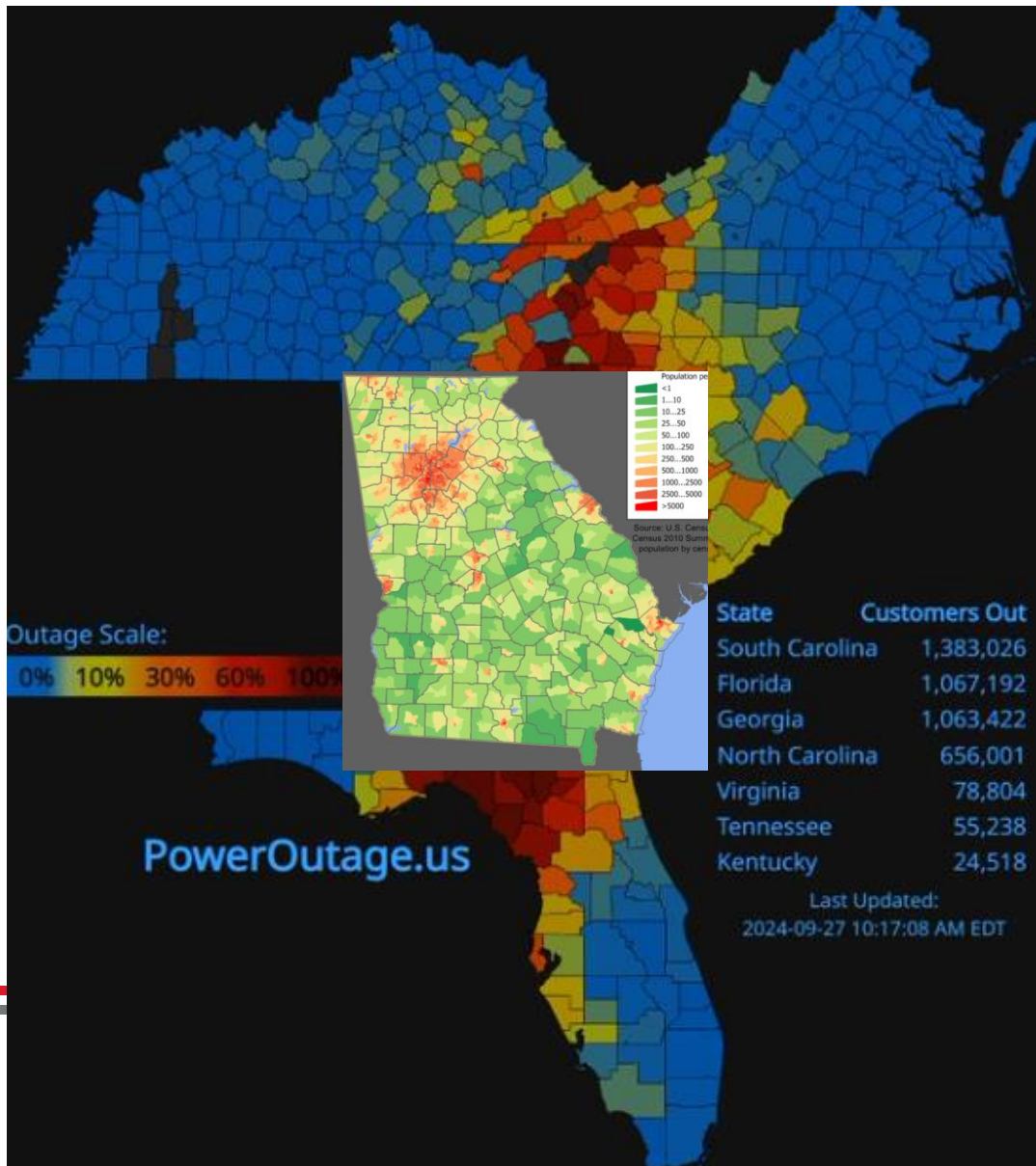


# Helene 'Mostly' Spares Atlanta & West Georgia, but not the State

GA damage estimates range widely, but Georgia's impact is likely to be around \$10-\$15 billion (infrastructure, homes, autos, agriculture, equipment).

\$6.5 billion in agriculture alone. Pecans, Timber, Corn, Cotton, & Livestock.

Highlights a weather vulnerability, but it could have been MUCH worse in more populated areas.





EVERYTHING IS AWESOME

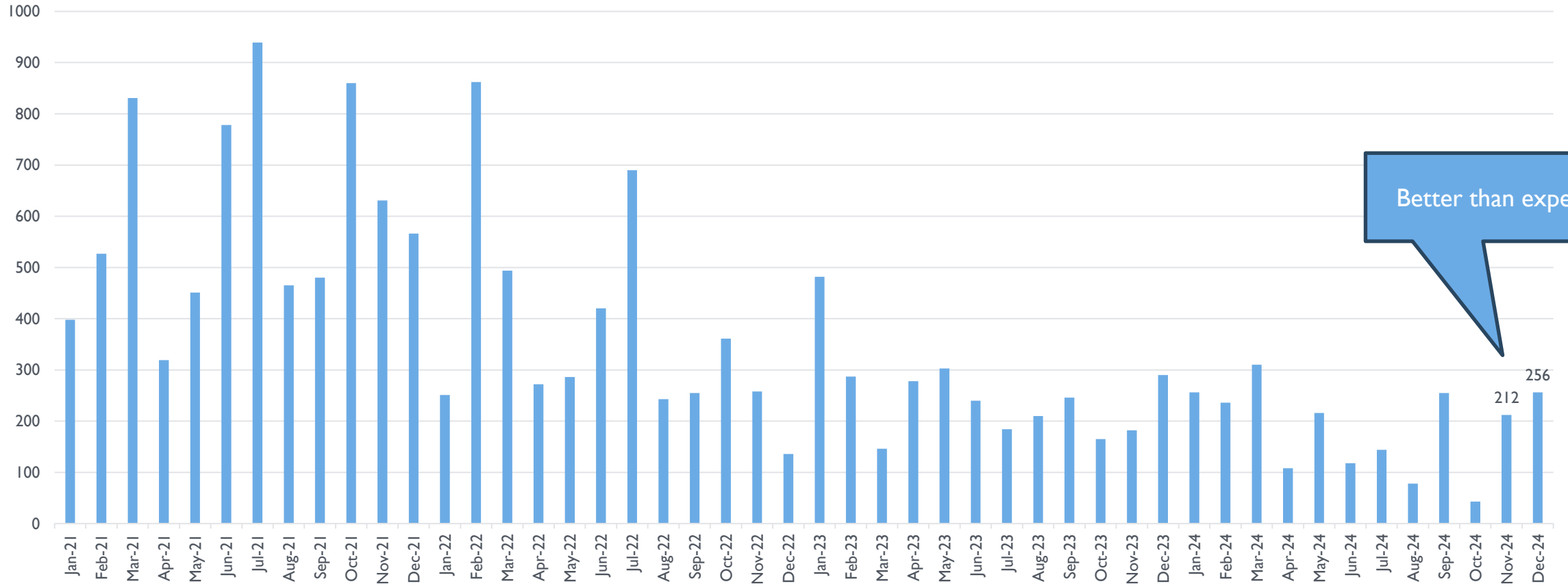
If Based on Local Labor Market  
Conditions Alone



UNIVERSITY OF WEST GEORGIA

# Jobs Report

US Job Growth



# Initial UI Claims US

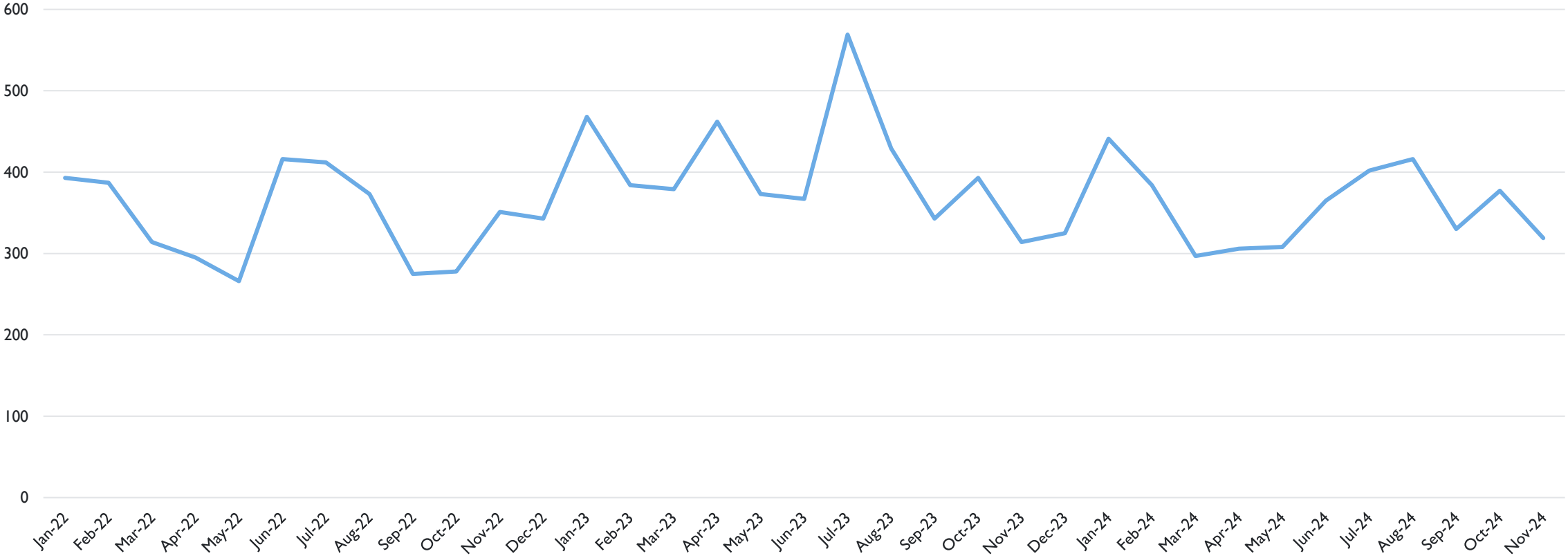
through January 4, 2025...400K is Where We Worry...



UNIVERSITY OF WEST GEORGIA

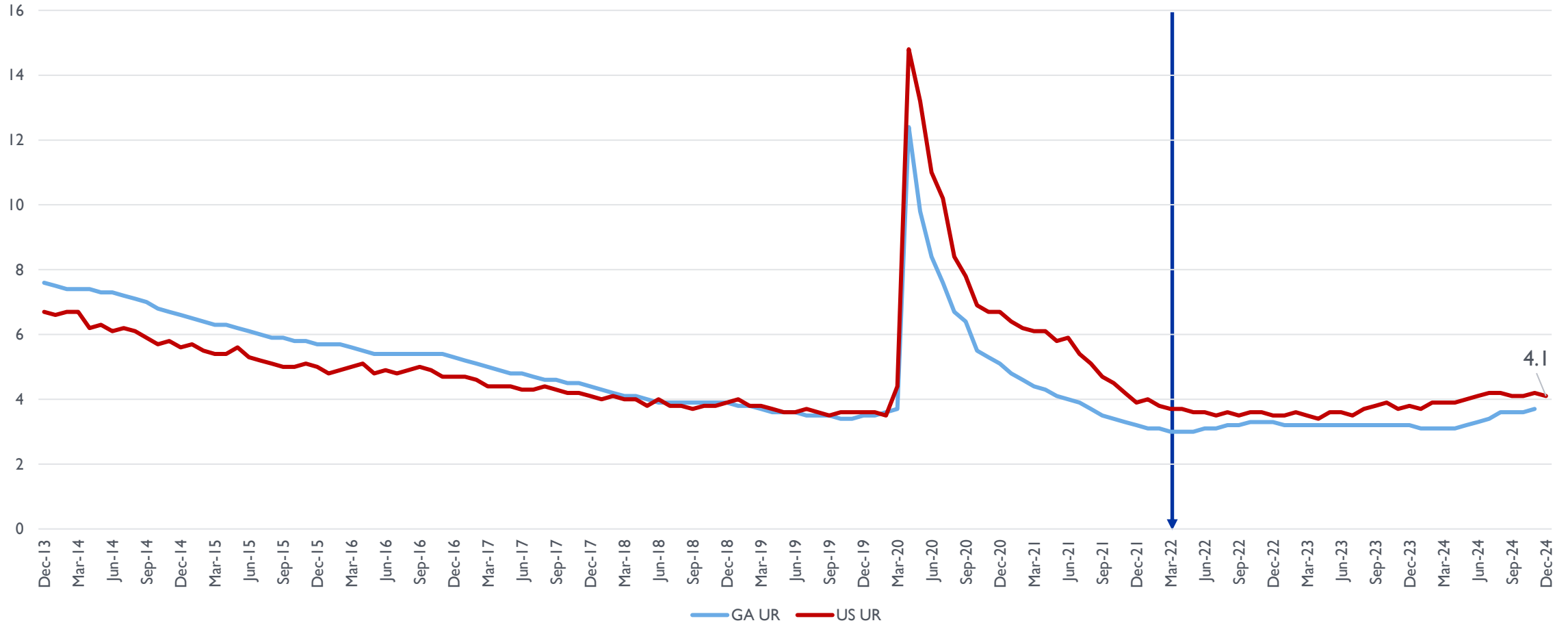
# Douglas Initial UI Claims Trends Downward

Douglas Initial UI Claims  
(Jan 2022-Nov 2024)



# U.S. & Georgia Unemployment Rates Remain Very Good

Dec 2024



UNIVERSITY OF WEST GEORGIA

# Nationally...December 2024, U.S.:

## U.S. Unemployment Remains Low (4.1%)

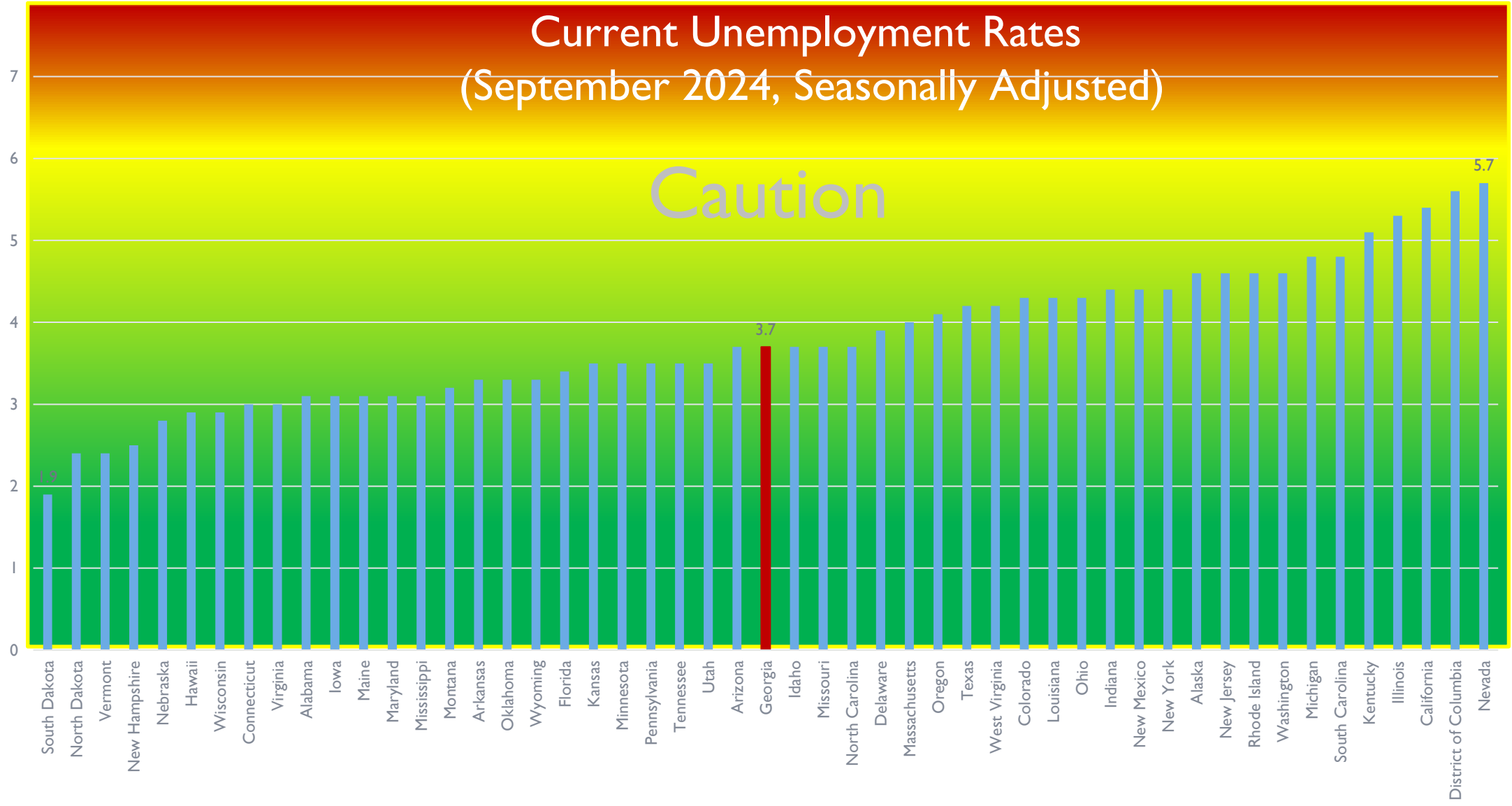
Measure	Not seasonally adjusted			Seasonally adjusted					
	Dec. 2023	Nov. 2024	Dec. 2024	Dec. 2023	Aug. 2024	Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024
	1.3	1.6	1.5	1.4	1.6	1.6	1.7	1.7	1.6
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	1.8	1.9	1.9	1.8	2.0	1.9	2.0	2.0	1.9
<b>U-3 Total unemployed</b> , as a percent of the civilian labor force (official unemployment rate)	<b>3.5</b>	<b>4.0</b>	<b>3.8</b>	<b>3.8</b>	<b>4.2</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>	<b>4.1</b>
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	3.7	4.2	4.1	4.0	4.4	4.3	4.4	4.5	4.4
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	4.4	4.9	4.7	4.7	5.0	5.0	5.0	5.1	5.0
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	7.0	7.4	7.4	7.2	7.8	7.7	7.7	7.7	7.5

Discouraged workers aren't as large as you might think. **+0.3**

NOTE: Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. Updated population controls are introduced annually with the release of January data.

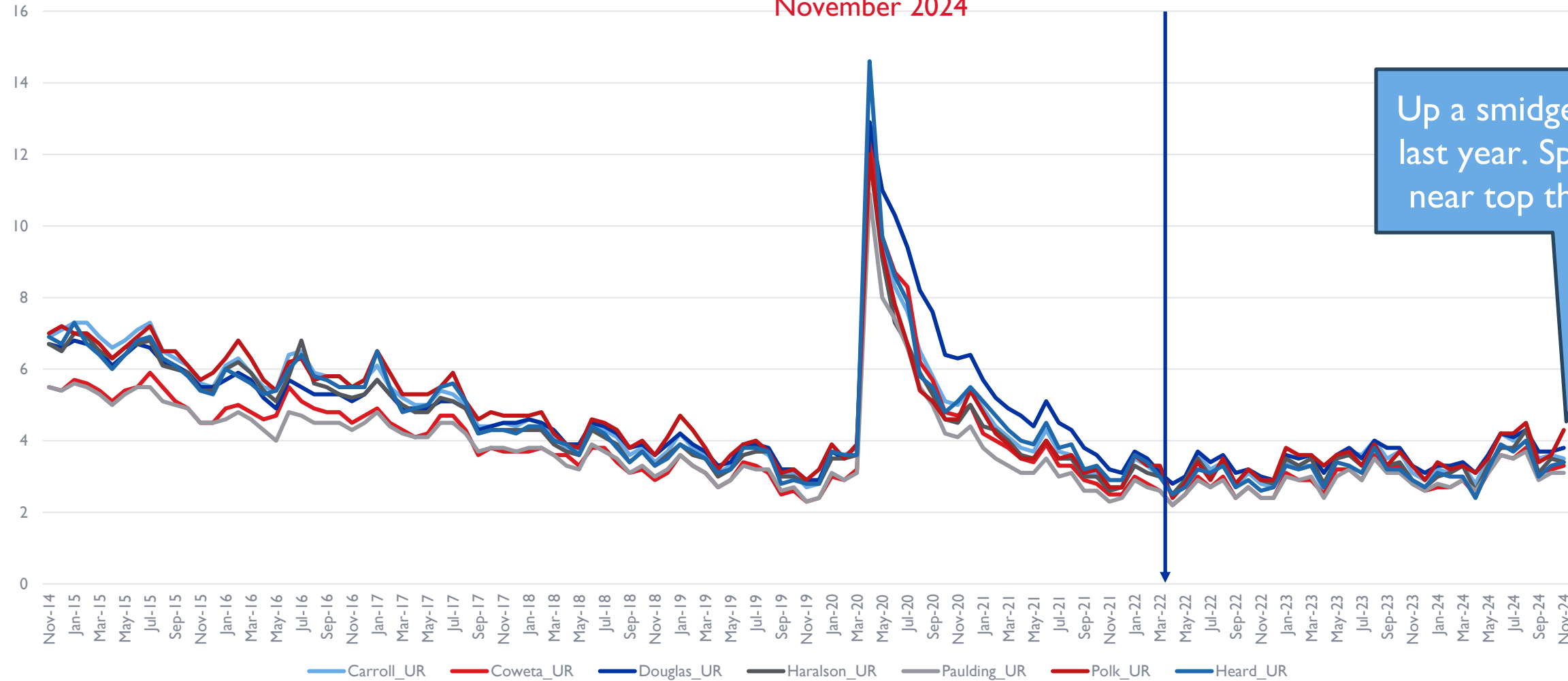
# Current Unemployment Rates (September 2024, Seasonally Adjusted)

Caution

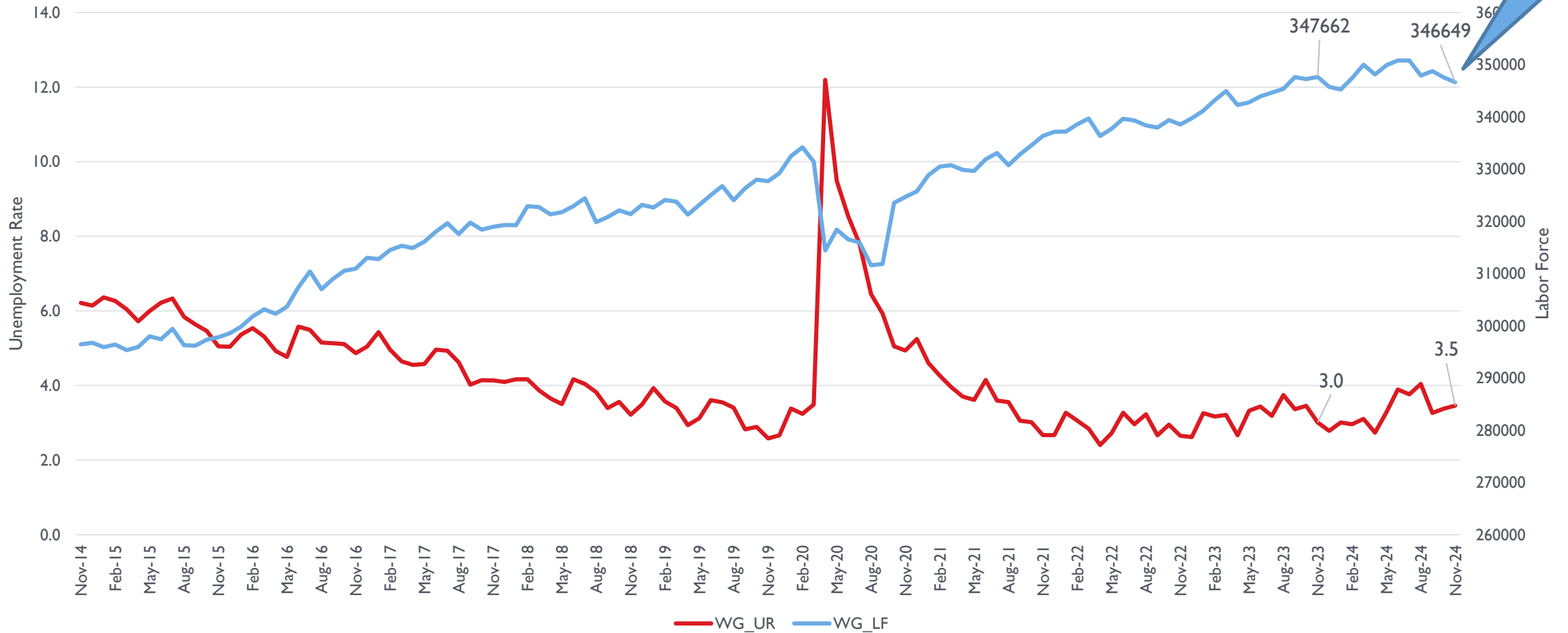


# Unemployment Rates Still Very Good

November 2024



# Georgia Unemployment Rate & Labor Force

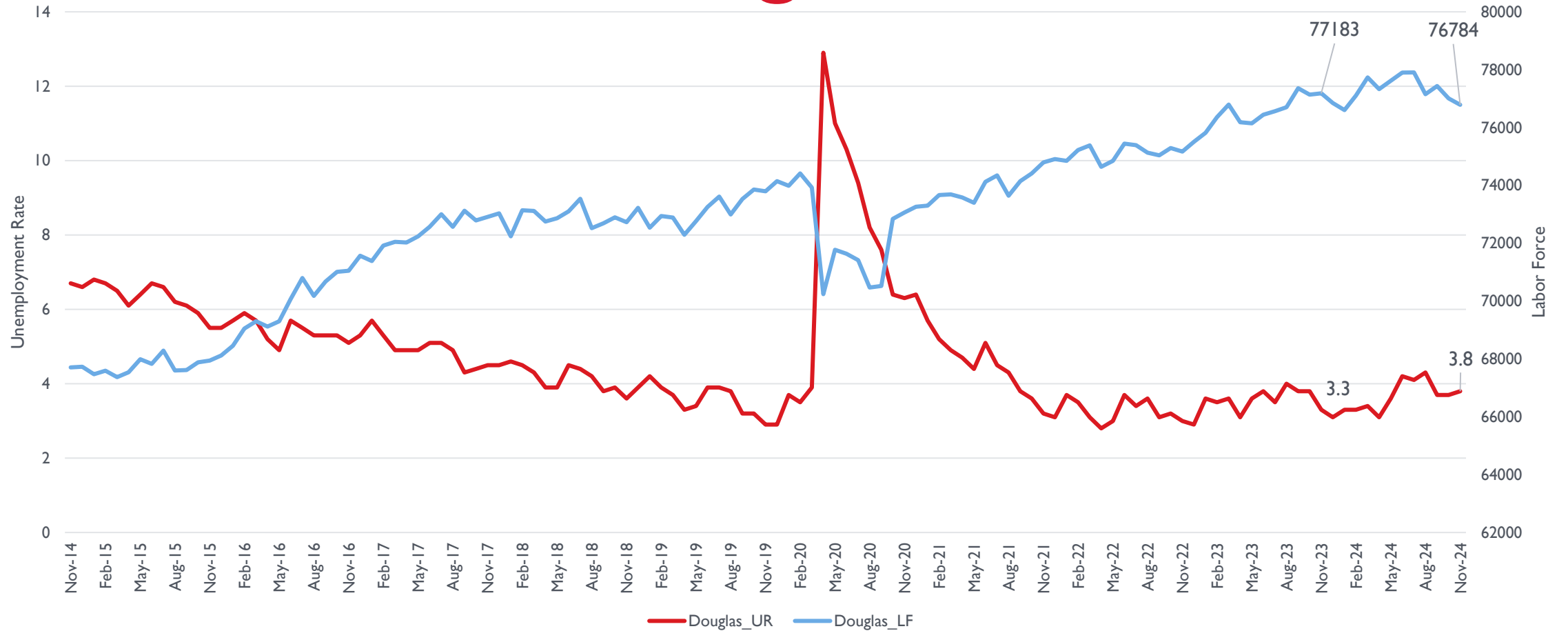


We are well above pre-COVID Labor Force Levels



UNIVERSITY OF WEST GEORGIA

# Douglas



UNIVERSITY OF WEST GEORGIA

# Workers Have Quit Quitting

## Total Quits Well Below Pre-COVID Levels





UNIVERSITY OF WEST GEORGIA

## Douglas County Industrial Employment Changes

Goods-Producing		26	151	2.56%
Construction		26	200	7.81%
Manufacturing		0	-58	-1.77%
	Printing and Related Support Activities	-2	-2	-40.00%
	Electrical Equipment, Appliance, and Component	0	-34	-36.17%
	Furniture and Related Product	-1	-11	-35.48%
	Fabricated Metal Product	-4	-129	-18.64%
	Nonmetallic Mineral Product	0	-20	-14.60%
	Computer and Electronic Product	-2	-1	-4.55%
	Plastics and Rubber Products	-1	-9	-3.11%
	Machinery	0	-1	-0.19%
	Miscellaneous	4	20	8.03%
	Textile Product Mills	2	3	10.00%
	Food	1	119	36.39%
Service-Providing		235	1181	3.12%
	Arts, Entertainment, and Recreation	1	-110	-28.13%
	Professional Scientific & Technical Svc	35	-47	-3.77%
	Admin., Support, Waste Mgmt, Remediation	36	-127	-2.48%
	Wholesale Trade	6	-5	-0.13%
	Retail Trade	29	270	3.41%
	Finance and Insurance	1	22	3.52%
	Accommodation and Food Services	8	212	4.27%
	Transportation and Warehousing	38	306	4.89%
	Health Care and Social Assistance	20	326	6.68%
	Information	15	29	8.03%
	Education Services	4	28	8.62%
	Other Services (except Public Admin.)	28	164	15.94%
	Real Estate and Rental and Leasing	12	85	21.20%
Unclassified - industry not assigned		-316	-132	-50.57%
Total - Private Sector		-55	1200	2.73%
Total - Government		0	193	3.40%
	Federal Government	-1	-30	-10.00%
	Local Government	1	192	3.76%
	State Government	0	31	11.88%
ALL INDUSTRIES		-55	1393	2.81%

Goods-Producing jobs up, despite job losses across several sub-sectors.

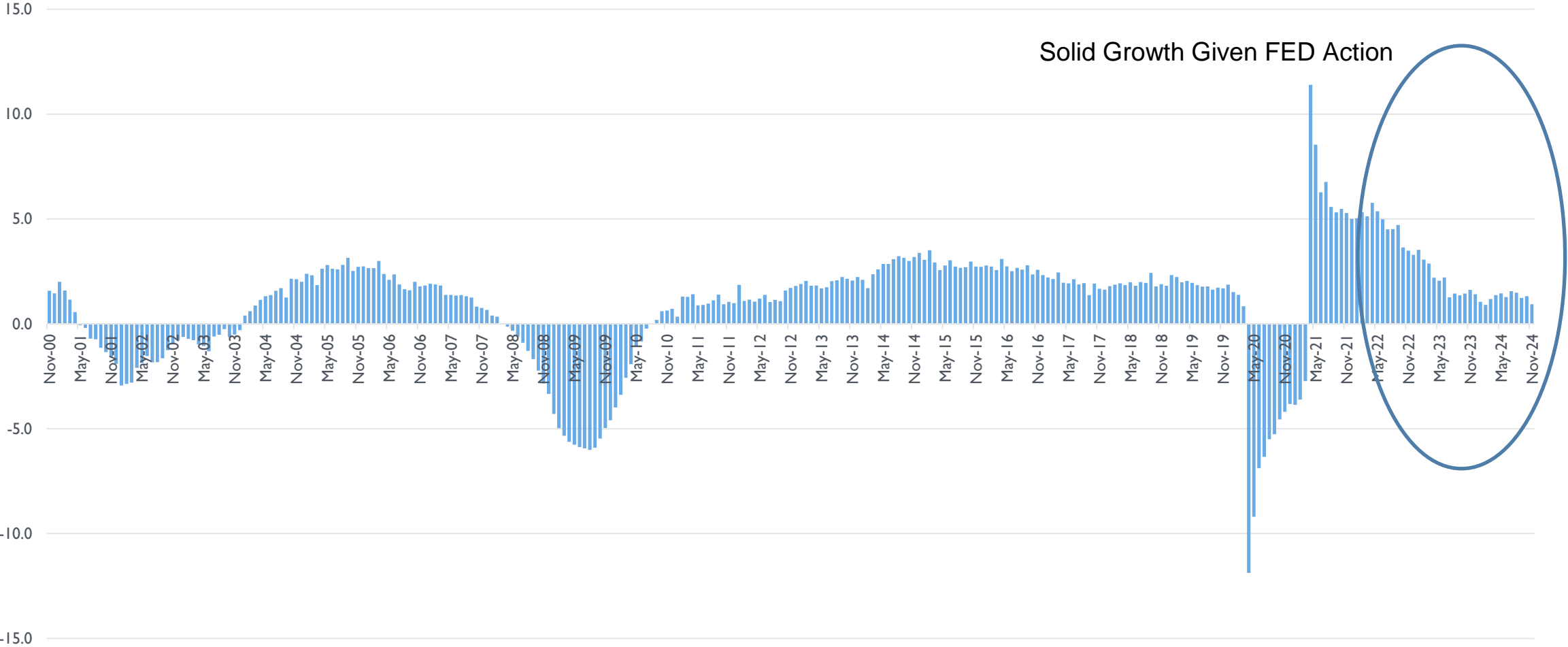
Job losses in Fabricated Metals offset by Construction jobs.

Much more robust growth in Service-Providing sectors. Retail, Transportation/Warehousing, Healthcare, Accommodation/Food Services.

Overall, jobs up 1,393 or 2.8% between 2023Q2 and 2024Q2.

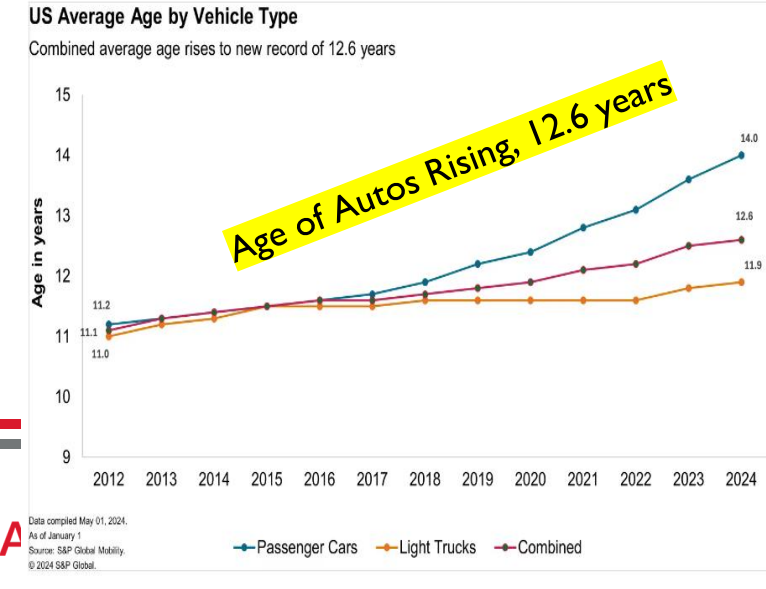
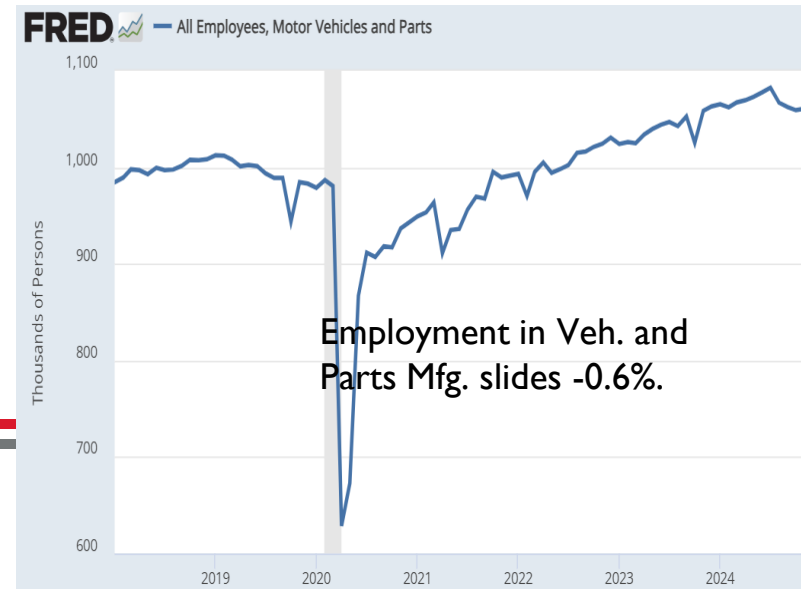
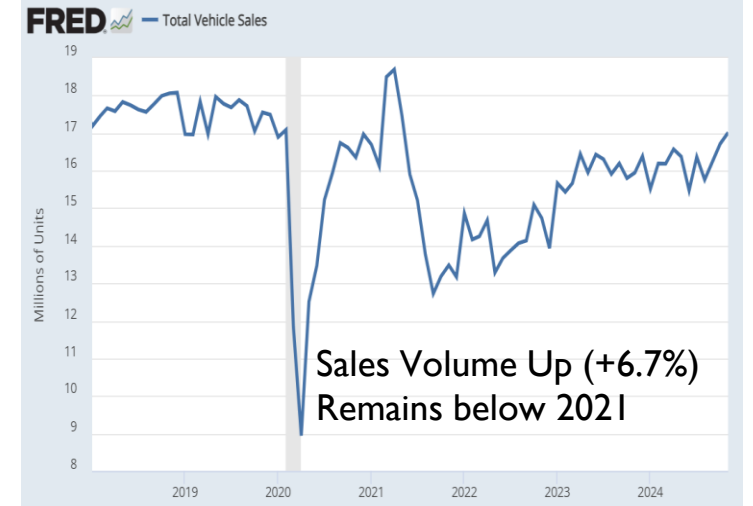
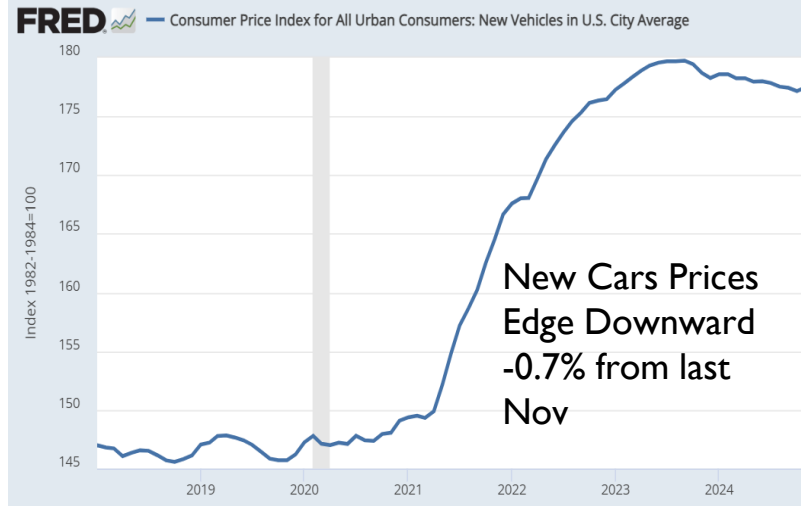
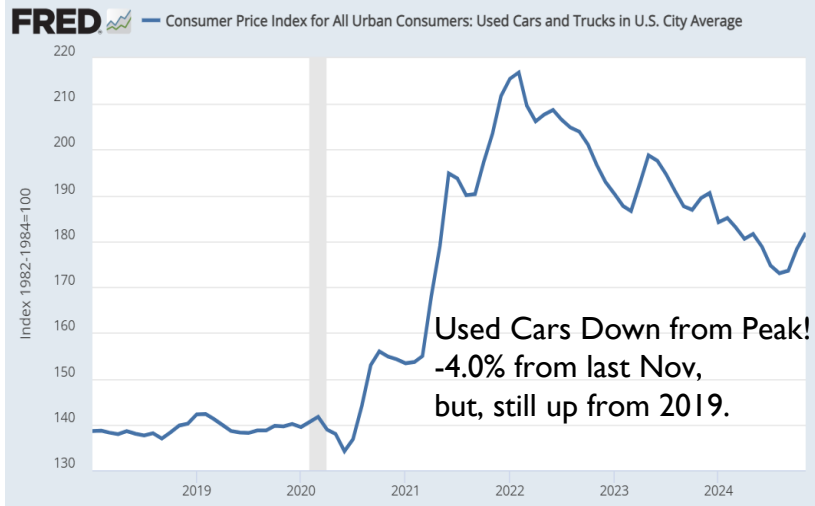
GEORGIA

# Georgia Job Growth Slows a Bit, but Remains Positive



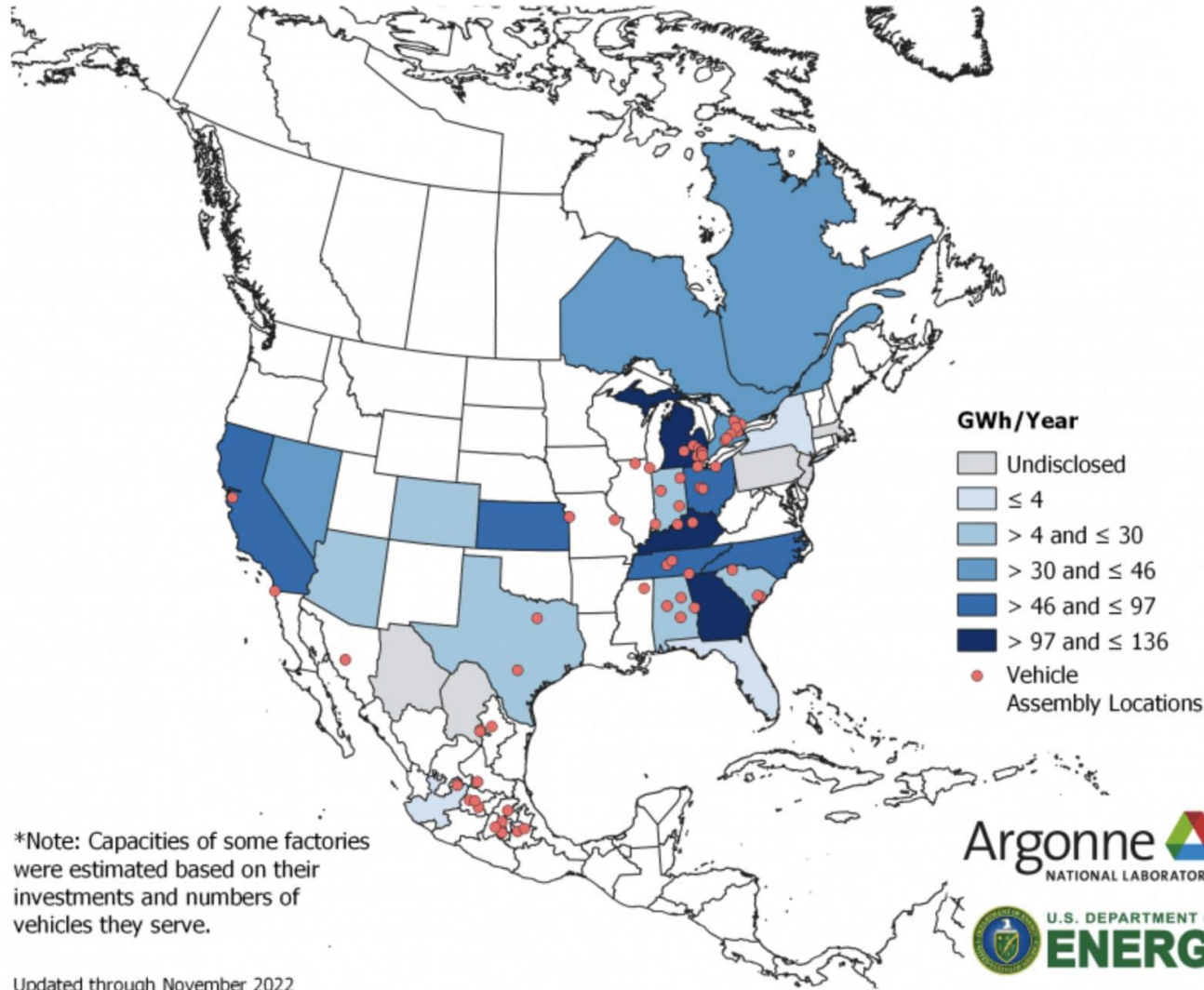


# Autos Industry “Dashboard” Some Cautions



# Planned Battery Plant Capacity in North America by 2030

# Did you know?



\*Note: Capacities of some factories were estimated based on their investments and numbers of vehicles they serve.

Updated through November 2022



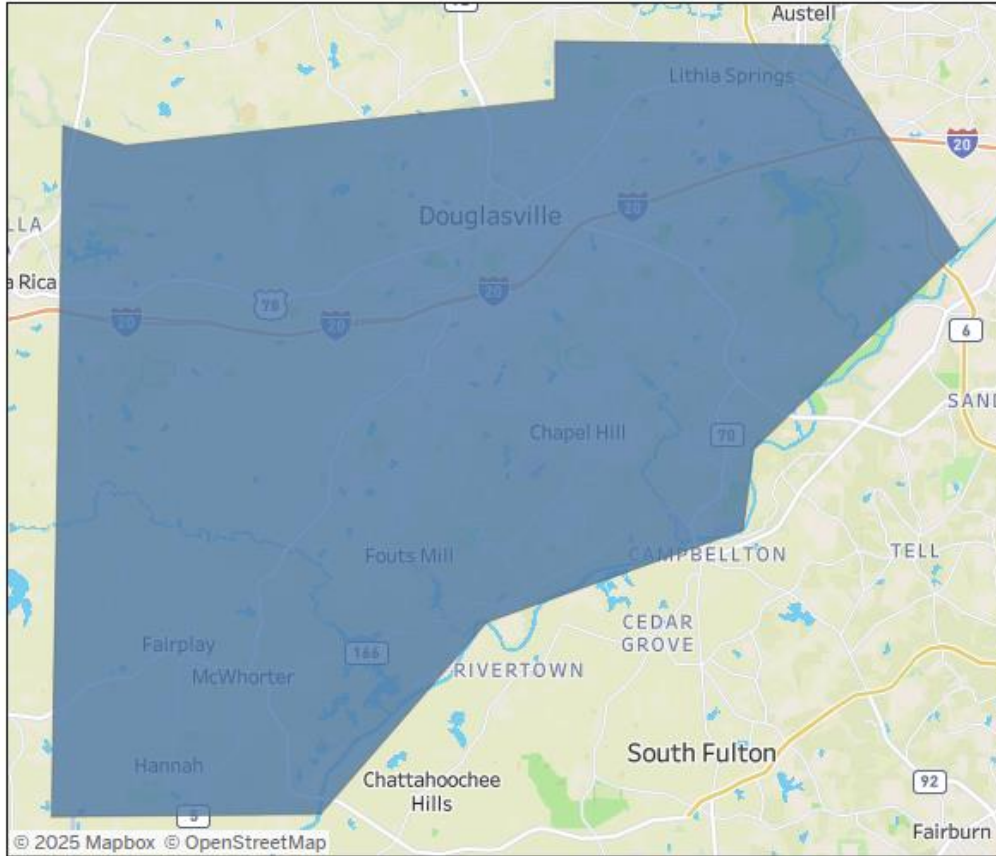
UNIVERSITY OF WEST GEORGIA

# Housing: New Options Mostly for Seniors



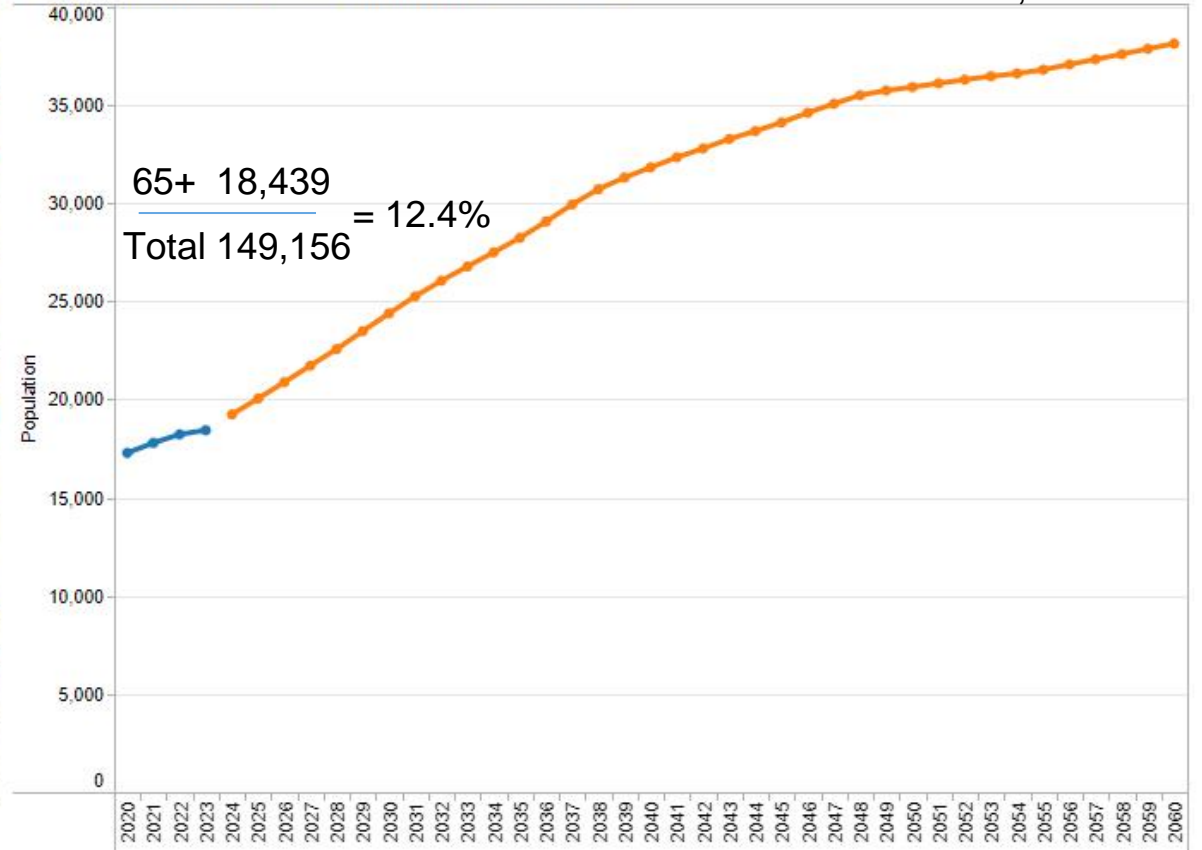
UNIVERSITY OF WEST GEORGIA

# Douglas



Regions

Historical and Projected Population, 2020-2060



65+ 38,135  
Total 180,851 = 21.1%

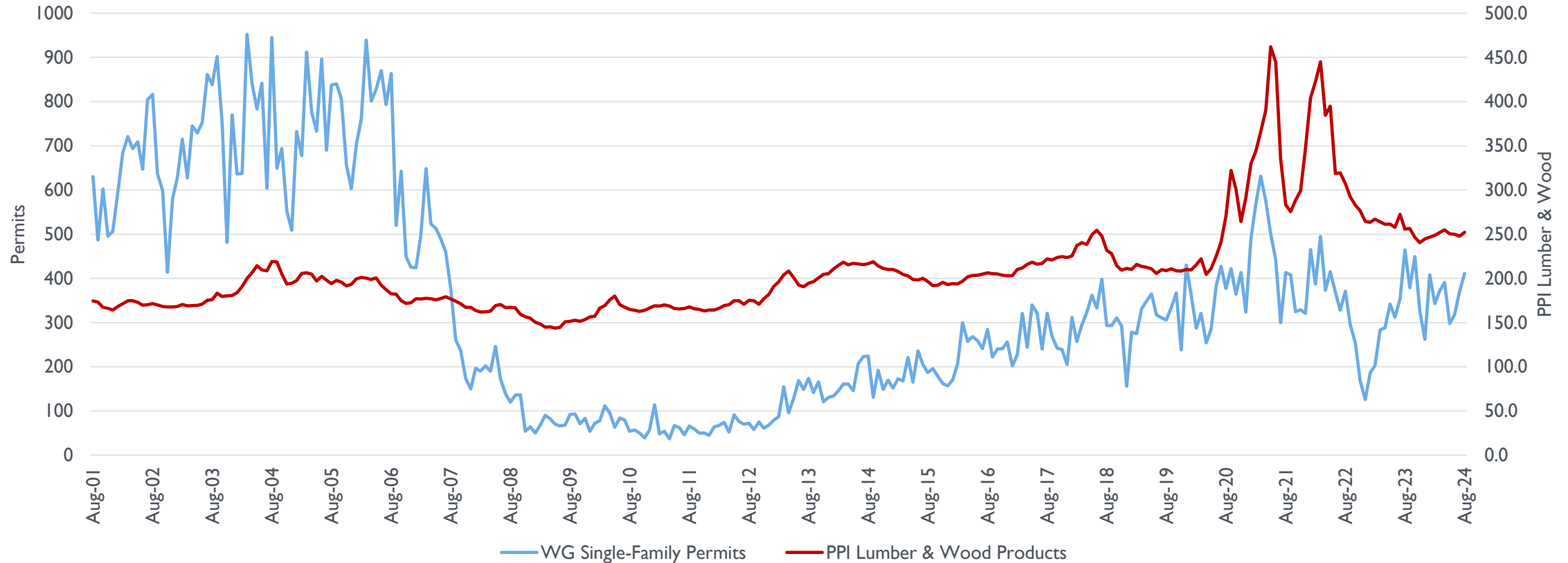
65+ 18,439  
Total 149,156 = 12.4%



# Georgia Monthly Single-Family Homes Aren't As Popular with Builders

## PPI Lumber & SF Permits

West Georgia Single-Family Permits and  
PPI Lumber & Wood Products



# Georgia is 4<sup>th</sup>

Top 10 States by Numeric Growth: 2022 to 2023

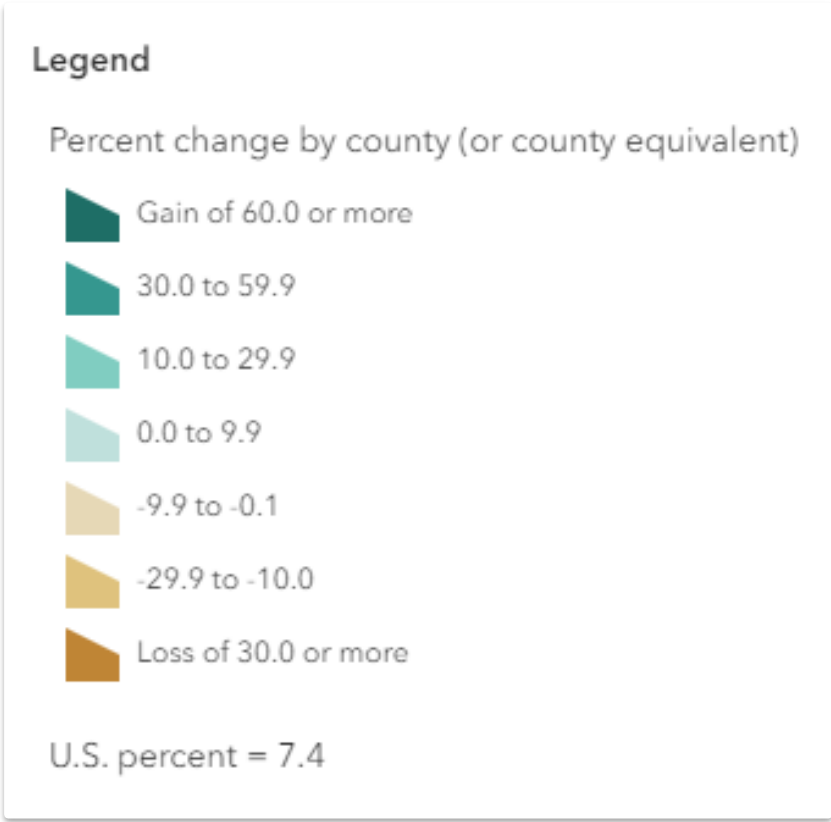
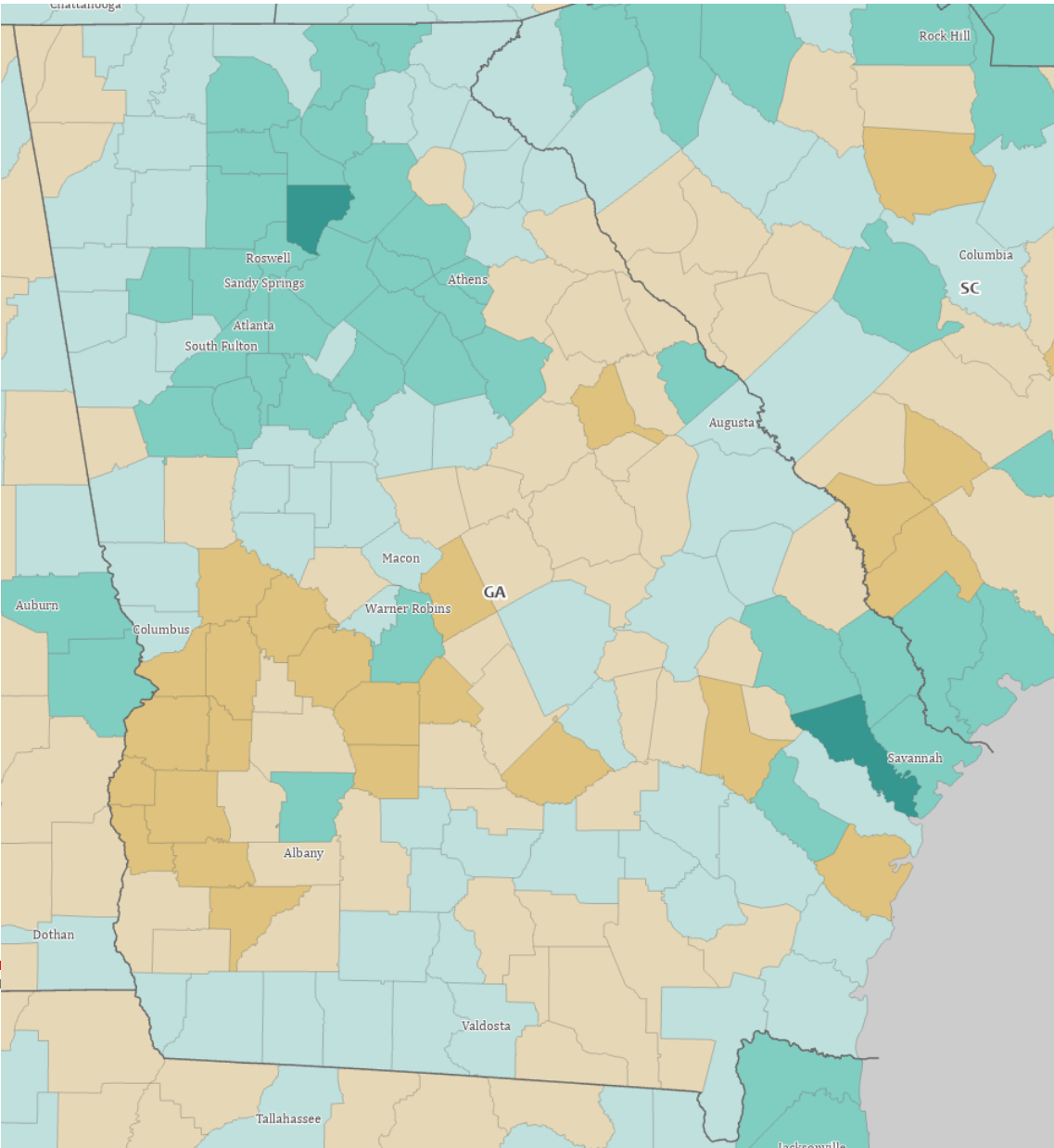
Rank	Geographic Area	April 1, 2020 (Estimates Base)	July 1, 2022	July 1, 2023	Numeric Growth
1	Texas	29,145,459	30,029,848	30,503,301	473,453
2	Florida	21,538,216	22,245,521	22,610,726	365,205
3	North Carolina	10,439,459	10,695,965	10,835,491	139,526
<b>4</b>	<b>Georgia</b>	<b>10,713,771</b>	<b>10,913,150</b>	<b>11,029,227</b>	<b>116,077</b>
5	South Carolina	5,118,422	5,282,955	5,373,555	90,600
6	Tennessee	6,910,786	7,048,976	7,126,489	77,513
7	Arizona	7,157,902	7,365,684	7,431,344	65,660
8	Virginia	8,631,373	8,679,099	8,715,698	36,599
9	Colorado	5,773,707	5,841,039	5,877,610	36,571
10	Utah	3,271,614	3,381,236	3,417,734	36,498



# Population Growth Rate

Census 2010-2020

Population growth supports both labor and housing markets



# Some Owners Still Stuck and Keep Inventories Low

The jump in home prices, inflation, and interest rates have provided current home-owners a few major benefits:

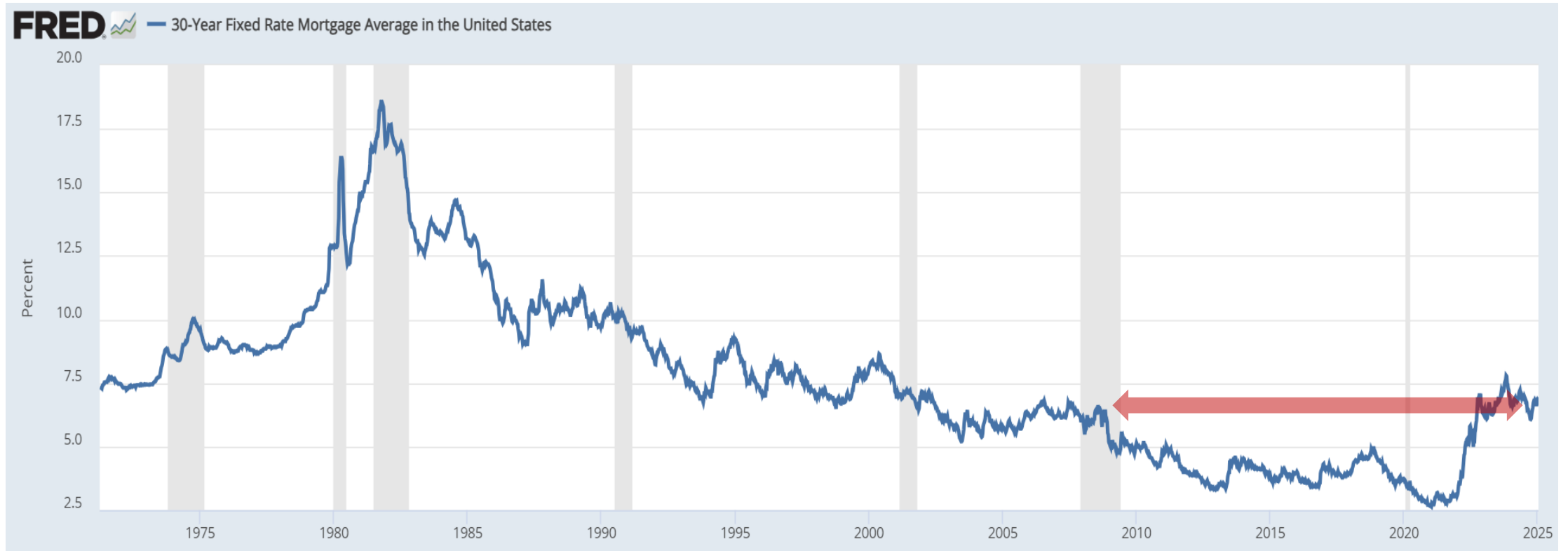
- A comparatively great interest rate
- An asset that now has a much higher value
- A repayment in cheaper dollars

However...

- It's no longer easy to trade up, down, or sideways
- More desirable homes are MUCH more expensive
- Interest rates & property taxes reset on sale
- Potential for capital gains taxes for some older sellers



# 30-Year Fixed Rate Mortgage Moderates from 6.62% to 6.93% from Last Year



# Office Space



TECH · RETURN TO OFFICE

## Meta is paying out \$181 million to give back office space it can't fill

BY ELEANOR PRINGLE  
September 26, 2023 at 11:13 AM EDT



Mark Zuckerberg, CEO of Meta, has rolled out his return-to-office plan—but may still be paying the price for hybrid work. TOM WILLIAMS/CQ-ROLL CALL, INC. - GETTY IMAGES

AP

## Small biz owners scale back their office space or go remote altogether. Some move to the suburbs

MAE ANDERSON Associated Press 14 hrs ago 0

CNN

## CNN Center Office Space Now Available to Lease

By Mark Mwachiro on Feb. 5, 2024 - 4:31 PM

Now that the bulk of CNN's Atlanta-based employees are working out of its new old home at Ted Turner Techwood Campus, the current owner of the CNN Center, CP Group, has started listing the available office space within the building.

Upto 1,150,000 square feet of office space is now available to be leased, according to the CP Group's website. The CNN Center comprises five buildings, and not only was it the home to CNN's global operations, but it also houses the Omni Hotel and a large atrium food court.



60 MINUTES OVERTIME >

## How empty office buildings are setting cities on a doom loop

60 MINUTES  
Overtime

By Jon Wertheim, Afza Chisari, Nathalie Sommer, Kaylee Tully  
January 14, 2024 / 7:00 PM EST / CBS News



MarketWatch

## Google parent Alphabet took a \$1.2 billion hit to exit office space last quarter — news that flew under the radar in a hectic week, says Barclays

Joy Wiltermuth

Sat, Feb 3, 2024, 5:34 AM EST • 2 min read



In This Article:

NYCB -9.69%

GOOG +0.33%

JLL -0.13%



Google parent Alphabet took a \$1.2 billion charge in the fourth quarter related to exiting office space, a detail that flew largely under the radar in a busy week. - Getty Images



UNIVERSITY OF WEST GEORGIA

# ATL Availability Rates Indicate Structural Issues

## 2024 through Q3

	23Q3	24Q2	24Q3
Total Inventory (in Millions of SF)	235.8	236.9	237.0
New Supply (in Thousands of SF)	848.5	573.9	117.0
Net Absorption (in Millions of SF)	-1.1	-0.6	-0.5
Overall Vacancy	19.4%	20.4%	20.6%
Under Construction (in Millions of SF)	2.8	2.1	2.1
Overall Asking Lease Rates (FSG)	\$31.45	\$31.68	\$31.48

Urban Core Properties at 25.3%  
(Downtown, Midtown, Buckhead)

Many move to higher quality, pricier, smaller spaces, but this is a vicious cycle.

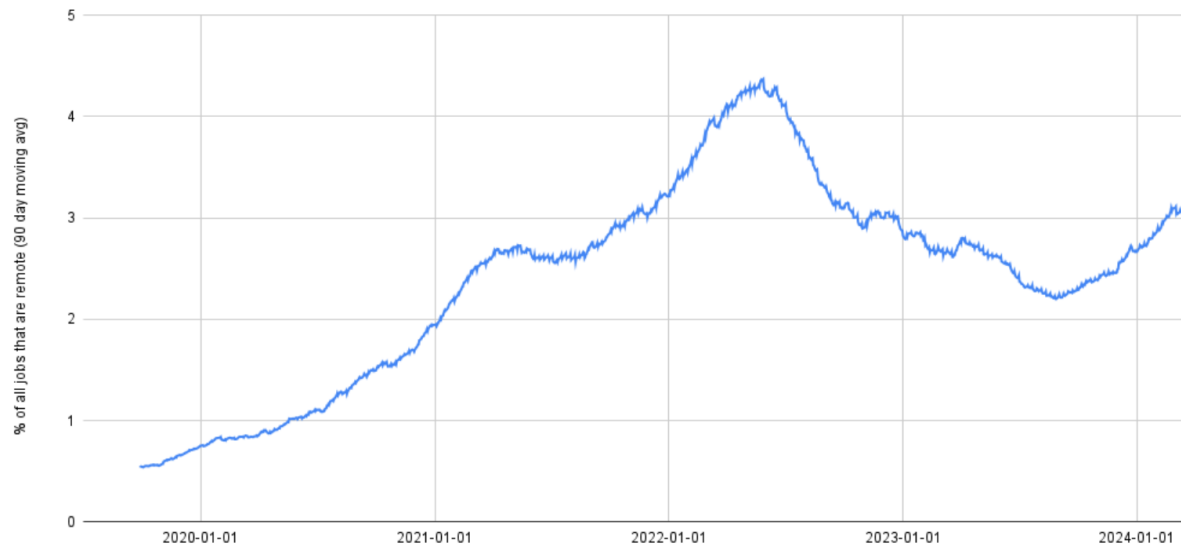
What to do with empty space?



# Remote Work Ads

## Percentage of job postings listed as "Remote" over time (globally)

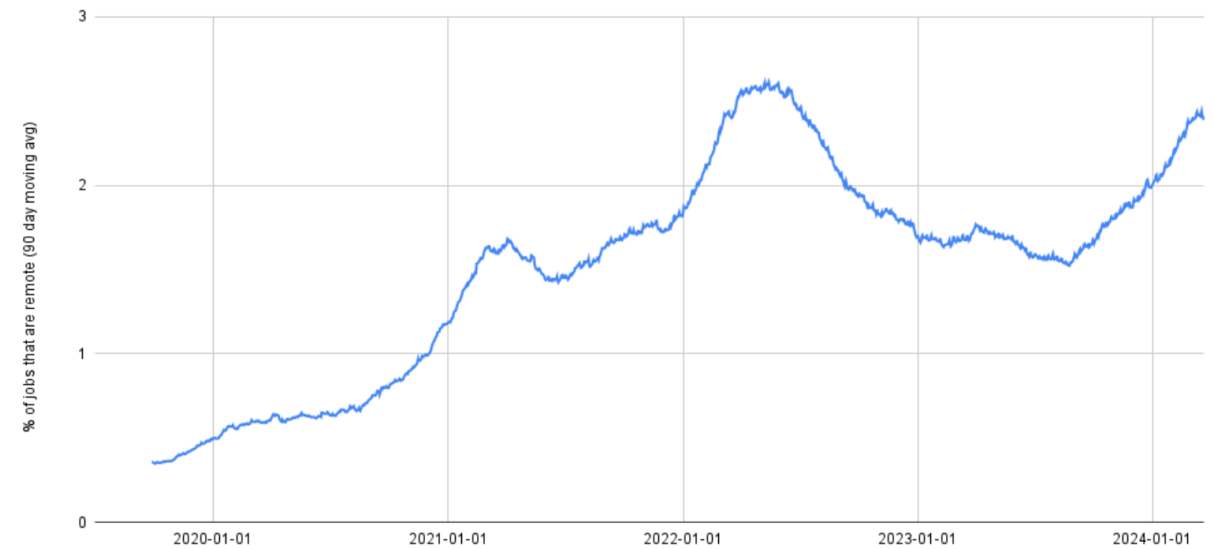
Analysis of job postings from 1800+ startups and 3500+ public companies



Source: Bloomberg / Revealer.com

## Public companies: percentage of job postings listed as "Remote" over time

Analysis of job postings from over 3500+ public companies with market cap >= 2B



Source: Bloomberg / Revealer.com



# Challenges

- Inflation risks remain a factor, but recession risks down, international “risks-of-plenty”, but GA is resilient and in good shape to weather a mild slow-down SHOULD ONE OCCUR.
- Home sales are slowing, price growth moderating. Slower construction & stuck owners are holding inventories down, and prices stable, but hinders first-time buyers and in-migration...and, GA is a popular place to be. FED Rate cuts may be KEY!
- Changes in office work is a clear risk to the City of Atlanta (and to region)...what to do with vacant office space?!
- Labor force acquisition difficulties ease a bit: Relatively low unemployment rates and high demand for those entering the workforce make it difficult for businesses to hire, but quits have slowed significantly.



# Top 10 Trending Searches

<input type="checkbox"/>	hegseth	200K+ ↑ 1,000%	11 hours ago ↗ Active	<a href="#">pete hegseth wife</a> <a href="#">+ 78 more</a>	
<input type="checkbox"/>	nottm forest vs liverpool	100K+ ↑ 1,000%	3 hours ago ↗ Active	<a href="#">liverpool</a> <a href="#">+ 13 more</a>	
<input type="checkbox"/>	brentford vs man city	50K+ ↑ 1,000%	3 hours ago ↗ Active	<a href="#">chelsea vs bournemouth</a> <a href="#">+ 5 more</a>	
<input type="checkbox"/>	asean	50K+ ↑ 1,000%	4 hours ago ↗ Active		
<input type="checkbox"/>	starbucks reverses open door policy	50K+ ↑ 1,000%	12 hours ago ↗ Active	<a href="#">starbucks open door policy</a>	
<input type="checkbox"/>	auto fire	100K+ ↑ 700%	18 hours ago ↗ Active	<a href="#">ventura fire</a> <a href="#">auto fire ventura</a> <a href="#">ventura county</a> <a href="#">+ 28 more</a>	
<input type="checkbox"/>	deion sanders	100K+ ↑ 600%	20 hours ago ↗ Active	<a href="#">deion sanders cowboys</a> <a href="#">dion sanders</a> <a href="#">+ 2 more</a>	
<input type="checkbox"/>	jessica simpson	50K+ ↑ 900%	18 hours ago ↗ Active	<a href="#">eric johnson</a> <a href="#">eric johnson nfl</a> <a href="#">jessica simpson net worth</a> <a href="#">+ 1 more</a>	
<input type="checkbox"/>	west ham vs fulham	20K+ ↑ 700%	3 hours ago ↗ Active	<a href="#">west ham - fulham</a> <a href="#">premier league standings</a> <a href="#">+ 1 more</a>	
<input type="checkbox"/>	spurs vs lakers	100K+ ↑ 1,000%	19 hours ago ↗ Active	<a href="#">lakers vs spurs</a> <a href="#">lakers</a> <a href="#">devin vassell</a> <a href="#">+ 16 more</a>	

What's on people's minds, and ... what ISN'T?

Not much about the economy, but ...





UNIVERSITY OF WEST GEORGIA

# SPONSORS



# CO-SPONSORS

American Commerce Bank

BankOZK

Carroll County Chamber of Commerce/Carroll Tomorrow

Carroll Electric Membership Corporation

Century 21 Novus - Rett Harmon

Corebridge Financial

Cliff England Financial Advisor

Scott Evans Automotive Group

Systems & Methods, Inc

The First Bank

Tisinger Vance, P.C.

Wayne Davis Concrete

Wells Fargo



UNIVERSITY OF WEST GEORGIA